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From:	General Secretariat of the Council
To:	Delegations
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Subject:	ECOFIN report on tax issues

Delegations will find attached the Council (ECOFIN) report on tax issues, which was approved by the Council (Economic and Financial Affairs) on 12 December 2025.

ECONOMIC AND FINANCIAL AFFAIRS COUNCIL (ECOFIN)**REPORT ON TAX ISSUES****A. INTRODUCTION**

1. This report provides an overview of the progress achieved in the Council under the Danish Presidency, as well as an overview of the state of play of the most important dossiers currently under negotiation in the area of taxation. The report has been drawn up on the basis of discussions in the Working Party on Tax Questions (High Level) (HLWP) covering horizontal tax policy issues of strategic relevance, in line with its mandate.
2. The Danish Presidency continued the work on key files focusing on the agreed priorities. More specifically, during the Danish Presidency term, the Council:
 - a) made noteworthy progress on the revision of the Energy Taxation Directive;
 - b) adopted the Directive on the incentivisation of the import one-stop-shop (IOSS);
 - c) made progress on the revision of the Tobacco Taxation Directive;
 - d) approved Council conclusions on tax incentives to support the Clean Industrial Deal;
 - e) adopted Council Decisions on the signing and the conclusion of the amending protocols to the agreements between the EU and, respectively, Switzerland, Liechtenstein, Andorra, Monaco and San Marino on the automatic exchange of financial account information to improve international tax compliance;
 - f) adopted Council Decision authorising the opening of negotiations with Norway for an agreement on administrative cooperation in the field of direct taxation and agreed on the negotiating directives.

3. The Code of Conduct Group (Business Taxation) also continued its work on the matters falling within its remit, including the EU list of non-cooperative jurisdictions for tax purposes, as set out in its six-monthly report.¹ The EU list was most recently updated by the Council on 10 October 2025.²
4. More detailed information on specific topics and dossiers can be found below.

B. LEGISLATIVE ACTIVITIES

1) Direct Taxation and Administrative Co-operation in the Field of Taxation

a) BEFIT Directive

5. On 12 September 2023, the Commission tabled a proposal for a Council Directive on Business in Europe: Framework for Income Taxation (BEFIT),³ the core objective of which is to develop a common corporate tax framework for large multinationals in the EU. Once BEFIT was proposed, the Commission withdrew its proposals on the Common (Consolidated) Corporate Tax Base (CCTB/CCCTB), which had been on the table of the Council since 2016 and were put on hold due to the global negotiations that started in parallel on the Two-Pillar solution (under the G20/OECD inclusive Framework on BEPS).
6. The preparatory work that has taken place so far was summarised in the previous Council reports on tax issues.⁴ Under the Danish Presidency, it was decided to continue focusing on a number of other priorities, as referred to in the introductory part of this report, with the objective of making further progress in the area of tax policy and legislation.⁵

¹ Doc. ST 16028/25 + ADD 1-8.

² OJ C, C/2025/5613, 17.10.2025.

³ Doc. ST 12965/23 + ADD 1-3.

⁴ Doc. ST 11287/24, points 34 to 38, and doc. ST 16673/24, points 27 to 30.

⁵ Point 2 of this report.

- b) Amending Protocols to the Agreements between EU and Switzerland, Liechtenstein, Andorra, Monaco and San Marino
7. Following the discussions at the HLWP initiated in 2023,⁶ on 17 January 2024 the Commission submitted to the Council a recommendation for a Council Decision to authorise the Commission to open negotiations on amending the five agreements on the automatic exchange of financial account information to improve international tax compliance between the EU and, respectively, Switzerland, Liechtenstein, Andorra, Monaco and San Marino.⁷
8. On 21 May 2024 the Council adopted the Council Decision authorising the opening of negotiations on amending the Agreements concerning the automatic exchange of financial account information to improve international tax compliance between the EU and Switzerland, Liechtenstein, Andorra, Monaco and San Marino⁸ and agreed on the negotiating directives.⁹ It was decided to include in the negotiating directives an amendment to the agreement with Switzerland in relation to assistance in the collection of direct and indirect taxes. The Commission launched negotiations, reported regularly to the Council on the progress made in negotiations and in the first semester of 2025 presented the outcome of these negotiations, namely the draft amending protocols with a view to initialling the texts.
9. Under the Danish Presidency, on 10 July and 17 July 2025 the Commission tabled the proposals for Council Decisions on the signing¹⁰ and the conclusion¹¹ of the amending protocols to the agreements between the EU and, respectively, Switzerland, Liechtenstein, Andorra, Monaco and San Marino on the automatic exchange of financial account information to improve international tax compliance. In the case of Switzerland, the proposal on signing covers also provisional application.

⁶ Doc. ST 16411/23, p. 17-18.

⁷ Doc. ST 5598/24 + ADD 1.

⁸ Doc. ST 9543/24, ST 9245/24.

⁹ Doc. ST 9245/24 ADD 1.

¹⁰ Doc. 11510/25 + ADD 1, 11751/25 + ADD 1, 11750/25 + ADD 1, 11760/25 + ADD 1, 11763/25 + ADD 1.

¹¹ Doc. 11511/25, 11756/25, 11746/25, 11759/25, 11761/25.

10. The main aim of the proposals for the above-mentioned Council Decisions is to ensure that the automatic exchange of financial account information between EU Member States and the respective five countries is aligned with the updated Common Reporting Standard (CRS) developed by the OECD and continues also after 1 January 2026.
11. On 3 September 2025 at the meeting of the WPTQ delegations supported the Presidency's compromise texts on the Council Decisions on the signing and the conclusion, as well as the amending protocols. As regards the Council Decision on the conclusion of the amending protocol to the agreement between the EU and Switzerland, delegations also agreed that this Council Decision should be accompanied by a Council statement. In addition, delegations took note of the statement by the Commission on the same decision. The HLWP was informed about the state of play on 23 September 2025.
12. The Council Decisions on the signing of the Amending Protocols to the Agreements between the EU and, respectively, Switzerland, Liechtenstein, Andorra, Monaco and San Marino were adopted by the Council (Ecofin) on 10 October 2025.¹² Subsequently, the amending protocols to the agreements between the EU and, respectively, Liechtenstein, Andorra, Monaco and San Marino¹³ were signed on 13 October 2025 and the amending protocol to the agreement between the EU and Switzerland¹⁴ was signed on 20 October 2025.
13. The Council Decisions on the conclusion of the Amending Protocols to the Agreements between the EU and, respectively, Switzerland, Liechtenstein, Andorra, Monaco and San Marino were adopted by the Council (FAC) on 21 November 2025¹⁵. Statements by the Council¹⁶ and the Commission¹⁷ concerning Switzerland were included in the minutes of the Council.

¹² Doc. 11648/25, 11785/25, 11782/25, 11793/25, 11799/25.

¹³ Doc. 11786/25, 11783/25, 11796/25, 11800/25.

¹⁴ Doc. 11650/25.

¹⁵ Doc. 11651/25, 11788/25, 11781/25, 11791/25, 11797/25.

¹⁶ Doc. 14168/25 ADD 1.

¹⁷ Doc. 14168/25 ADD 2.

c) Negotiations with Norway for an agreement on administrative cooperation in the field of direct taxation

14. On 25 June 2025, the Commission submitted to the Council a recommendation for a Council Decision authorising the opening of negotiations on an agreement between the European Union and the Kingdom of Norway in the field of administrative cooperation in direct tax matters,¹⁸ together with a recommendation for the negotiating directives.¹⁹ The aim of the envisaged negotiations with Norway would be to conclude an agreement in the field of cooperation for tax purposes in direct tax matters between the European Union and Norway.
15. Following the meetings of the WPTQ on 7 July and 3 September 2025 as well as the ensuing consultations, all delegations could support the Presidency's compromise texts on the decision and the negotiating directives. The HLWP was informed about the state of play on 23 September 2025.
16. On 10 October 2025 the Council (ECOFIN) adopted the Council Decision authorising the opening of negotiations with the Kingdom of Norway for an agreement on administrative cooperation in the field of direct taxation²⁰ and agreed on the negotiating directives.²¹

¹⁸ Doc. 10939/25.

¹⁹ Doc. 10939/25 ADD 1.

²⁰ Doc. 12709/25.

²¹ Doc. 12709/25 ADD 1.

2) **Indirect Taxation**

a) Revision of the Energy Taxation Directive (ETD)

17. On 14 July 2021, the Commission submitted a proposal for a Council Directive restructuring the Union framework for the taxation of energy products and electricity (recast),²² ('the ETD proposal'). The ETD proposal is a part of the "Fit for 55" package.²³
18. The ETD proposal aims at: a) providing an adapted framework that contributes to the EU 2030 targets and climate neutrality by 2050 in the context of the European Green Deal. This would involve aligning the taxation of energy products and electricity with EU energy, environment and climate policies, thus contributing to the EU efforts to reduce emissions; b) providing a framework that preserves and improves the EU internal market by updating the scope of energy products and the structure of rates, and by rationalising the use of tax exemptions and reductions by Member States; and c) preserving the capacity to generate revenues for the budgets of the Member States.
19. According to the ETD proposal, these objectives could be achieved by switching from volume-based to energy content-based taxation, by establishing a ranking of rates based on environmental performance, and by limiting incentives for fossil fuel use.
20. Under the Danish Presidency, on 9 July 2025, Coreper tasked the technical level to finalise the compromise text in light of the guidance received and to report back, if needed, with a view to reaching an agreement in the Council (ECOFIN) in November 2025. On that basis and building on the progress made under the previous presidencies, the file was analysed at the meetings of the WPTQ on 5 September, 26 September and 14 October, as well as at the HLWP on 3 November 2025. The Presidency has been committed to make its utmost in order to find solutions to the remaining outstanding issues and to facilitate reaching an agreement on this file.

²² Doc. ST 10872/21.

²³ Doc. ST 10849/21.

21. The Presidency made significant efforts to reach an agreement on the ETD file. On 13 November 2025, the Council (ECOFIN) held a policy debate on this file²⁴, where it appeared that the Member States' views were still diverging.

b) Tobacco Taxation Directive

22. On 16 July 2025 the Commission submitted to the Council a proposal for a Council Directive on the structure and rates of excise duty applied to tobacco and tobacco related products²⁵ (recast).
23. The aim of the proposal is to modernise and harmonise the excise system, including raw tobacco and tobacco-related products by aligning fiscal policy with current market dynamics and public health objectives, and to improve both the coherence of internal market rules and the effectiveness of control measures.
24. On 10 October 2025, the Council (ECOFIN) held a policy debate on the proposal. The Ministers broadly welcomed the proposal and in particular the extension of the scope of the directive to include new products. Ministers acknowledged the aim to update and harmonise the taxation of tobacco and tobacco-related products within the internal market, and several agreed that taxation is an important measure in reducing tobacco prevalence and contribution to public health objectives. However, at the same time several Member States raised serious concerns about the size of the proposed increase in minimum excise duty rates for tobacco, inadequate transitional periods and the mechanism for the periodic adjustments of these rates, which are partially linked to inflation and purchasing power parity.

²⁴ Doc. 14443/25, 14451/25.

²⁵ Doc. 11725/25+ADD 1-4.

25. The proposal and its impact assessment were presented at the WPTQ on 17 September 2025. The article-by-article examination of the text followed under the guidance of the Danish Presidency at the meetings on 17 October and 18 November 2025. At the meeting on the 18 November 2025 the technical discussions of the proposal began with an examination of two Presidency notes on Article 32 in the horizontal directive and structure of the rates. On this basis, the Danish Presidency prepared a first compromise text for consideration at the WPTQ meeting on 4 December 2025.

c) *VAT rules on the incentivisation of the IOSS*

26. On 17 May 2023, the Commission issued a package of proposals as part of a broad and comprehensive reform of the Customs Union, accompanied by a communication entitled: “Customs reform: Taking the Customs Union to the next level”.²⁶ This package also included a proposal on value added tax, namely a proposal for a Council Directive amending Directive 2006/112/EC as regards VAT rules relating to taxable persons who facilitate distance sales of imported goods and the application of the special scheme for distance sales of goods imported from third territories or third countries and special arrangements for declaration and payment of import VAT (the ‘Directive on distance sales of imported goods and import VAT’).²⁷
27. In 2024, a number of provisions to incentivise the use of the IOSS were added to the proposal after a proposal to make the IOSS mandatory under the VAT in the Digital Age package had failed to gain support. Under the Polish Presidency it was decided to treat these added provisions separately, and in May 2025, the Council reached a general approach on them.²⁸
28. After consultation of the European Parliament and legal and linguistic revision of the text, the Council adopted the Directive at its meeting on 18 July 2025. The Directive was published in the Official Journal on 25 July 2025.²⁹

²⁶ Doc. ST 9622/23.

²⁷ Doc. ST 9638/23.

²⁸ For more information, see the previous six-monthly report in doc. ST 10611/25.

²⁹ OJ L 2025/1539, 25.7.2025.

d) VAT rules on the abolition of the 150 EUR threshold and on customs warehouses

29. One of the aims of the customs reform is to remove the customs exemption for goods worth up to a threshold of EUR 150. Currently, this EUR 150 threshold also exists for the application of the deemed supplier provision in the VAT Directive, as well as for the use of the VAT IOSS: its application is limited to distance sales of imported goods not exceeding EUR 150. The VAT proposal in the package aims to remove this threshold also for the purposes of the IOSS, to align the customs and VAT rules regarding e-commerce. The VAT proposal is not included in the Directive adopted by the Council on 18 July 2025 on incentivisation of the IOSS.
30. During the negotiations on this VAT proposal under the Belgian and Hungarian Presidency, a suggestion was made to insert into the text a provision to extend the definition of ‘distance sales of goods imported from third territories or third countries’ to supplies from customs warehouses, in view of the possible benefits for customs control purposes. A parallel provision creating special customs warehouses for distance sales was also inserted into the text of the Council mandate for the negotiations with the European Parliament on the Union Customs Code (UCC) reform.
31. The Danish Presidency organised a meeting of the WPTQ on 11 September 2025 to exchange views on the text of the relevant provisions. During the debate, several delegations expressed concerns on the robustness of the IOSS, which following the abolition of the 150 EUR threshold would be confronted with imported goods of a higher value and a greater scope for fraud. Also, many delegations expressed misgivings on the interaction of the VAT provisions with certain provisions from the text of the Council UCC mandate.
32. In view of the difficulties to provide conclusive answers before the trilogue negotiations on the UCC package have been concluded, the Presidency decided that it was better to await the outcome of the trilogues before returning to the discussion on the text.

C. NON-LEGISLATIVE ACTIVITIES

1) Tax decluttering and simplification

33. On 11 March 2025, the Council approved Conclusions on a tax decluttering and simplification agenda which contributes to the EU's competitiveness.³⁰ In the conclusions, the Council called "upon upcoming Council Presidencies to include progress on simplification and decluttering as a discussion item in meetings of the Working Party on Tax Questions (High Level) and to reflect it in the Ecofin report to the European Council on tax issues, including a list of concrete measures under discussion."
34. The Danish Presidency therefore included regular items on the relevant progress in the agendas of the HLWP, where the Commission was invited to update the delegations on its work.
35. To recall, in April 2025, the trio of Presidencies (Poland, Denmark and Cyprus), against the background of their trio programme³¹ and on the basis of the above-mentioned Council conclusions presented the structured approach to tax decluttering and simplification, noting that the Council stressed that "the existing EU legislative framework in the area of taxation, as well as with regard to current and future tax initiatives, should be based on four principles: (1) reducing the reporting, administrative and compliance burdens for Member States administrations and taxpayers, (2) eliminating outdated and overlapping tax rules and, where relevant, (3) increasing the clarity of tax legislation and (4) streamlining and improving the application of tax rules, procedures and reporting requirements".³²

³⁰ Doc. ST 6748/25.

³¹ Doc. ST 16668/24.

³² Doc. ST6748/25, point 8.

36. The trio of Presidencies noted that these principles could be applied, in the area of direct and indirect taxation, to review of existing EU legislation, the proposals currently on the table as well as any future EU legislative proposals.
37. On 6 October 2025, in line with its work programme of 2025, the Commission withdrew four legislative proposals in tax area³³:
- a) Proposal for a Council Directive on a common system of taxation applicable to interest and royalty payments made between associated companies of different Member States;³⁴
 - b) Proposal for a Directive amending Directive 1999/62/EC on the charging of heavy goods vehicles for the use of certain infrastructures;³⁵
 - c) Proposal for a Council Directive amending Directive 2006/112/EC as regards the introduction of the detailed technical measures for the operation of the definitive VAT system for the taxation of trade between Member States;³⁶
 - d) Proposal for a Council Directive on administrative cooperation in the field of taxation (codification).³⁷
38. On 21 October 2025, the Commission issued its work programme for 2026³⁸ and announced that it “*will continue our work to cut administrative burdens by 25% overall and 35% for SMEs – without lowering standards. A new series of simplification initiatives and omnibus packages will simplify life for people and rules across key areas such as [...] taxation [...].*” The Commission indicated that the legislative proposal for an omnibus on taxation should be expected for the 2nd quarter of 2026.

³³ OJ C, C/2025/5423, 6.10.2025.

³⁴ 2011/0314 (CNS)

³⁵ 2017/0115 (CNS), see also doc. ST 15506/22, points 36-42.

³⁶ 2018/0164(CNS).

³⁷ 2020/0022 (CNS).

³⁸ Doc. ST 14261/25 +ADD1.

39. The Commission also announced that within 6 months it was going to withdraw the following proposals in the area of taxation (as stated in the programme - those proposals the adoption of which “*would no longer be in the general interest in view of their adoption date, lack of progress in the legislative process, potential burden and non-alignment with the Union’s priorities*”):
- a) Proposal for a Council Directive implementing enhanced cooperation in the area of financial transaction tax³⁹;
 - b) Proposal for a Council Directive laying down rules to prevent the misuse of shell entities for tax purposes and amending Directive 2011/16/EU⁴⁰;
 - c) Proposal for a Council Directive on laying down rules on a debt-equity bias reduction allowance and on limiting the deductibility of interest for corporate income tax purposes⁴¹;
 - d) Proposal for a Council Directive on transfer pricing⁴².
40. Furthermore, in the HLWP meeting on 3 November 2025, the Commission indicated that the Directive on administrative cooperation in the field of taxation would be subject to recast and that this recast could possibly include provisions concerning information exchange designed to prevent the misuse of shell entities for tax purposes.

³⁹ 2013/0045 (CNS), also see doc. ST 15506/22, points 31-35.

⁴⁰ 2021/0434 (CNS), also see doc. ST 10611/25, points 6-11.

⁴¹ 2022/0154 (CNS), also see doc. ST 15506/22, points 15-17.

⁴² 2023/0322 (CNS), also see doc. ST 10611/25, points 12-17.

41. To be noted, the European Council in its October 2025 conclusions reaffirmed the urgent need to advance an ambitious and horizontally-driven simplification and better regulation agenda at all levels – EU, national and regional – and in all areas in order to ensure Europe’s competitiveness, without undermining predictability, policy goals, high standards and the integrity of the Single Market. In particular, the European Council recalled the commitment to drastically reduce, as a matter of urgency, administrative, regulatory and reporting burdens for businesses, including SMEs, and public administrations.⁴³

2) Council conclusions on tax incentives to support the Clean Industrial Deal (CID)

42. On 2 July 2025, the Commission issued its recommendation on tax incentives to support the CID and in light of the CID State Aid Framework (CISAF).⁴⁴ This recommendation was presented and discussed at the WPTQ on 7 July 2025, where the Presidency proposed to start work on a set of Council conclusions. The text of the draft conclusions prepared by the Presidency was analysed at the WPTQ on 3 September 2025 and at the HLWP 23 September 2025.
43. The conclusions welcomed the recommendation as it provides guidelines regarding tax incentives to support the CID. In the conclusions, the Council highlights the need to keep tax incentives simple for companies and tax authorities, and notes that tax incentives should be seen as one possible element, which may be considered by each member state as part of an evolving policy mix to support the development of clean energy, industrial decarbonisation and clean technology. Further, the conclusions underline that flexibility in their application is key. They stress that member states - some of whom already have similar measures in place - are free to design, implement and apply tax incentives in accordance with their individual situations, taking into account potential budgetary impacts. In this respect, the conclusions also stress that in the absence of binding rules at EU level, competence in the field of taxation lies solely with the Member States.

⁴³ Doc. EUCO 18/25, point 33.

⁴⁴ Doc. ST 11220/25.

44. On 10 October 2025 the Council (ECOFIN) approved its conclusions on tax incentives to support the Clean Industrial Deal.⁴⁵

3) OECD/G20 Inclusive Framework on BEPS

45. Delegations were regularly debriefed on the ongoing work and state of play in the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (IF on BEPS), as well as on the tax policy aspects covered in the meetings of the G20 Finance Ministers and Central Bank Governors.
46. The “Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy” continues to be one of the key topics that is discussed in the OECD/G20 IF on BEPS. In this area, the main focus has been to discuss and develop a solution on the principles presented in the G7-statement of 28 June 2025, which would be acceptable to and implementable by the members of the OECD/G20 IF on BEPS.

4) Negotiations on the United Nations Framework Convention on international tax cooperation

47. On 27 November 2024, the 79th session of the UN General Assembly adopted the resolution on the “Promotion of inclusive and effective international tax cooperation at the United Nations” to begin the formal negotiations on a Framework Convention. EU Member States abstained from the vote.

⁴⁵ Doc. ST 13501/25.

48. Negotiations at the Intergovernmental Negotiating Committee (INC) on the new Convention and two early protocols were launched in 2025, with the first substantive meetings taking place in New York from 3 to 6 February 2025. During this session, delegates agreed on procedural arrangements and launched three informal workstreams to guide the negotiations: Workstream I on the Framework Convention, workstream II on Protocol 1 concerning the taxation of income from cross-border services, and workstream III on Protocol 2 addressing dispute prevention and resolution. These workstreams aim to develop draft elements and technical input to support progress on the negotiated texts.
49. The UN negotiations at the first and second sessions of the INC in New York (4-15 August 2025) focused on identifying key areas for the Framework Convention and its early protocols. Discussions encompassed the fair allocation of taxing rights, dispute prevention and resolution, and sustainable development. The negotiations also addressed the taxation of cross-border services, including nexus rules without physical presence and the choice between gross and net basis taxation. Additionally, the prevention and resolution of tax disputes were explored, with considerations of existing mechanisms and potential reforms.
50. On 29 September 2025, the Commission submitted to the Council a recommendation for a Council decision authorising the negotiations at the UN for an agreement on the second early Protocol and on any provision of the Framework Convention related to or affecting that Protocol.⁴⁶ The proposal was presented at the WPTQ on 6 October 2025. Presidency compromise texts of the draft Council decision were considered at the WPTQ on 16 October and the HLWP on 3 November 2025. At these meetings, there was no support for a negotiation mandate on this basis.

⁴⁶ Doc. ST 13344/25+ADD 1

51. The UN negotiations at third session of the INC in Nairobi (10-19 November 2025) focused on text-based discussions on draft articles of the Framework Convention, and detailed consideration on approaches to the future protocol on prevention and resolution of tax disputes, with cross-cutting implications for the future protocol on taxation of cross-border services.

5) Code of Conduct Group (business taxation)

52. The Code of Conduct Group (COCG) met on 22 September and 26 November 2025, and subgroup meetings were held on 3 July, 9 September, 16 October and 6 November 2025.
53. The biannual revision of the EU list of non-cooperative jurisdictions for tax purposes was approved by the Council on 10 October 2025 and published in the Official Journal on 17 October 2025.⁴⁷
54. A more extensive account of the activities of the Code of Conduct Group can be found in its dedicated biannual report,⁴⁸ which was approved by the Council on 12 December 2025.⁴⁹

⁴⁷ OJ C 2025/5613, 17.10.2025, pages 1-5.

⁴⁸ Doc. ST 16028/25 + ADD1-8.

⁴⁹ Doc. ST 16029/25.

6) Russia's aggression against Ukraine

55. In the context of Russia's aggression against Ukraine with the participation of Belarus, the WPTQ examined a number of measures that Member States could pursue to support the implementation of EU restrictive measures (in relation to Russia and Belarus) and prevent their circumvention through tax cooperation instruments.
56. Firstly, Member States agreed on the need to discontinue all exchanges of information for tax purposes with the Russian Federation and Belarus. Secondly, EU Member States examined a number of measures aiming at enhancing the use of administrative cooperation and other instruments in the tax field in the context of the enforcement of the restrictive measures.
57. In this context, the WPTQ will continue to examine further developments concerning these measures, including the work taking place within the temporary platform created by the Commission on 3 June 2022 in the form of a Freeze and Seize Task Force subgroup on tax enforcement.
58. At the HLWP meeting on 25 November 2025, delegations took note of an update provided by the Commission on the work of this subgroup.

7) **Other international developments**

59. Issues related to the US Foreign Account Tax Compliance Act (FATCA) have been regularly brought to the attention of delegations at the HLWP meetings. As regards the issue of the so-called accidental Americans, in 2022, the US Internal Revenue Service (IRS) released a notice that temporarily relaxes the rules for being determined as non-compliant because of missing tax identification numbers (TINs) for the years 2022, 2023 and 2024.
60. The HLWP has underlined that a permanent and wider solution is needed to prevent financial institutions in EU to be treated as non-compliant because of missing TINs in cases where it is not possible for the financial institutions to collect TINs. Therefore, in 2023 a letter was sent to the US on behalf of the HLWP. In 2024, the IRS released a notice extending the temporary relief to years 2025, 2026 and 2027. However, this is not a permanent solution and is limited in scope. Furthermore, providing EU TINs to the US in accordance with this notice might entail legal problems, as pointed out at the HLWP in November 2025. On that basis, the Presidency updated delegations in the HLWP meeting on 3 November about its intention to send a letter to the US on behalf of the HLWP. Following further consultation of all delegations, the said letter was sent to the US on 19 November 2025.
61. In the HLWP meeting on 25 November 2025, delegations exchanged views on the updates and state of play with regard to automatic exchange of information and notifications under the Multilateral Competent Authority Agreement on the Automatic Exchange of Information pursuant to the Crypto-Asset Reporting Framework (MCAA CARF).

8) International Tax Dispute Resolution Commission (ITDRC)

62. At the HLWP meeting on 25 November 2025, Member States were given an update on the negotiations on a Multilateral Convention on the International Tax Dispute Resolution Commission.

9) Tax-Motivated Migration by Individuals

63. On 23 September 2025, the Danish Presidency initiated a discussion in the HLWP on challenges related to tax-motivated migration by individuals. On the basis of publicly available studies, the Presidency outlined different types of tax-motivated behaviour with a view to exploring whether further discussions in the EU could have an added value in the EU and global context.
64. This first discussion was followed by an exchange of views in the HLWP on 25 November on the basis of information by a representative from the OECD Secretariat on the relevant work stream at the OECD/G20 Inclusive Framework on BEPS and by the Presidency.

10) Behavioural taxation

65. On 3 November 2025 the Danish Presidency initiated a discussion in the HLWP on the advantages and disadvantages of using excise duties to influence consumption behaviour with the policy objective to improve public health in the European Union. The exchange of views focused on factors to be considered when designing consumption taxes (such as administrative costs, distortion of relative prices, cross-border shopping and illegal trade, and weighing the effects of consumption taxes). Member States exchanged views on their national experiences of using excise duties to change consumer behaviour. Discussions also covered a possibility for further harmonisation of excise duties at EU level, without an objective to find common ground, at this stage, on areas or products where new policy action could possibly be initiated.

11) Tax in non-tax areas (TINTA)

66. On 19 November 2013, the HLWP agreed that tax provisions in non-tax dossiers leading to any changes in Member States' tax laws or administrative practices or having other consequences on taxation should fall under an informal alert mechanism. The systematic approach of bringing these cases to the attention of tax experts, with the support of the General Secretariat, has continued to ensure that Member States are alerted in a timely manner, including on negotiations of agreements between the EU and third countries. The HLWP took note of the latest information in this regard at its meeting on 25 November 2025.
67. On 30 September 2025, the Commission has adopted the recommendation on increasing the availability of savings and investment accounts with simplified and advantageous tax treatment. At the HLWP meeting on 3 November 2025, the recommendation was presented to the delegates.
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